

COMMISSIONER OF SECURITIES & INSURANCE

MONICA J. LINDEEN
COMMISSIONER



OFFICE OF THE MONTANA
STATE AUDITOR

ADVISORY MEMORANDUM

To: ALL LICENSED PROPERTY AND CASUALTY INSURERS

From: MONICA J. LINDEEN – Commissioner of Securities and Insurance,
Montana State Auditor

Date: June 29, 2012

INSURANCE REFUSALS AND WILDFIRE RISKS

The State of Montana recently experienced several wildfires. Montana has seen and will likely see many more fires. During the wildfire season in 2000, former Commissioner Mark O'Keefe issued an advisory memorandum prohibiting insurance companies from refusing to issue policies in areas which do not have a substantially increased risk of loss due to wildfires. This policy protected Montana insurance consumers from unfair discrimination. Monica J. Lindeen, Commissioner of Securities and Insurance, Montana State Auditor, hereby re-adopts this order to protect insurance consumers:

This office has recently received many consumer complaints regarding property and casualty insurers refusing to write new or increased coverage due to the alleged risks of wildfires in Montana. Many of these complaints have come from areas which are not threatened by wildfires, including areas within the city limits of many developed cities and towns. For example, we are aware that some insurers are refusing to offer coverage based on the location of property within certain zip code zones.

Section 33-18-210(5), Montana Code Annotated, states:

"An insurer may not make or permit unfair discrimination between individuals or risks of the same class and of essentially the same hazards by refusing to issue, refusing to renew, canceling, or limiting the amount of insurance coverage on a property or casualty risk because of the geographic location of the risk, unless:

- (a) the refusal, cancellation, or limitation is for a business purpose that is not a mere pretext for unfair discrimination; or
- (b) the refusal, cancellation, or limitation is required by law or regulatory mandate."

Any refusal to issue, refusal to renew, cancellation or limitation on the amount of property or casualty insurance based on the threat of wildfires **and which involves property that does not have a substantially increased risk of loss due to wildfires** will be evaluated as a potential violation of this law. This office will aggressively pursue any such violations of this statute.

Insurers are expected to make decisions concerning the issuance, renewal, cancellation or changes in coverage of property and casualty insurance on a case-by-case basis and with reference to the degree which the property involved is actually threatened by wildfire. Any blanket-type restrictions will be closely evaluated under the statute referenced above.